



Item #16-9-3 Information

Transportation Committee

August 30, 2016

Terms and Conditions for Bike Share Operations and Equipment

Issue: Should SACOG award a contract to Social Bicycles for Regional Bike Share System Equipment and Operations?

Recommendation: None, this is for information only.

Discussion: On July 14, 2016, the SACOG Regional Bike Share Policy Steering Committee (PSC) and Project Management Teams (PMT) interviewed the top three bike share operators that submitted proposals: Bewegen, Next Bike, and Social Bicycles (SoBi). Firms who submitted proposals but were not interviewed include Bicycle Transit Systems, CycleHop, and Shift Transit.

Bike Share PSC Members:

Christopher Cabaldon, Mayor of West Sacramento
Steve Hansen, City of Sacramento Councilmember
Jeff Harris, City of Sacramento Councilmember
Lucas Frerichs, City of Davis Councilmember
Mike McKeever, SACOG Executive Director
Larry Greene, SMAQMD APCO

Bike Share PMT Staff:

Judy Matsui-Drury, City of Sacramento
Chris Dougherty, City of West Sacramento
Jennifer Donofrio, City of Davis
Jeffrey Damon, Sacramento Regional Transit District
Tim Bustos, University of California, Davis
Josh Neri, Sacramento State University

As authorized by the SACOG Board, the Bike Share PSC unanimously recommended that the CEO enter contract negotiations with SoBi for a Regional Bike Share System Equipment and Operations. The PSC rated SoBi the highest in each evaluation criteria: Operator Capacity, System Elements, and Innovative Business Model. Overall, SoBi showed the Committee that they had the most prepared team to target the region's diverse planning and ridership needs, the most advanced Smart-Bike system that allows riders to check out and park bikes outside of docks if needed, and the most innovative business model. This model provides price incentives for users to rebalance the system which lowers operating costs, includes costs for recapitalization of the fleet, shares profits with SACOG, and provides opportunities to expand the bike fleet from 900 to 1200 bikes over 5 years with the ability to upgrade to pedal assist e-bikes in the future. SoBi gave a brief presentation to the Transportation Committee on August 4th on their

proposed equipment and system operations approach (see Attachment A, “Social Bicycles presentation”).

Negotiations with Social Bicycles

On July 25, SACOG’s CEO and COO entered negotiations with Social Bicycles to draft key contract terms and conditions prior to requesting that the SACOG Board authorize the award of a contract. A key issue discussed during negotiations has been crafting contract incentives to reduce the risk that system operating costs would exceed fare box recovery, sponsorship revenues, and committed local agency funds. Other issues include service level agreements to ensure a high level of service and high customer satisfaction. In the interest of executing the contract quickly to avoid delaying the launch of the system beyond Spring 2017, SACOG and SoBi staff have been developing key terms and conditions that will inform the detailed drafting of the contract between SACOG and SoBi. Staff intends to continue negotiations and bring a detailed award recommendation to the Transportation Committee in October. Several business model options and term sheet issues were reviewed and recommended by the SACOG Bike Share PSC, which advised SACOG to pursue a business model option that reduces risk to public agency operating subsidies while balancing the risk to launch a system in a timely manner with sufficient projected revenues. SACOG staff will brief the Transportation Committee on the development of these business models and other negotiation issues.

Developing Public Agency Agreements & Securing Sponsorships

On July 28, SACOG met with various PSC and PMT members along with SoBi’s CEO, Ryan Rzepecki, and discussed key intergovernmental and bike share operator issues. While SACOG will have an agreement with SoBi to operate the bike share system, SACOG needs agreements between public agencies to help plan, permit, and monitor the system to ensure a timely system launch, high customer satisfaction, and control costs. Toole Design Group consultants have informed these discussions based on best practices and lessons learned from many bike share systems across the country. Staff plans to further refine key intergovernmental and bike share operator issues with both Bike Share Committees to inform draft agreements over the next two months.

SACOG did advertise a RFP for “Sacramento Regional Bicycle Sharing System Advertising, Sponsorship, and Partnership,” which could have resulted in a staff recommended sponsorship broker. SACOG is currently negotiating with SoBi to secure sponsorship development assistance as part of alternative business models prior to engaging other brokers.

Approved by:

Mike McKeever
Chief Executive Officer

MM:rh

Attachment

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